

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-180-C - ORDER NO. 2019-_____

July 15, 2019

Application of)	ORDER GRANTING
)	CERTIFICATE AND
Consolidated Telecom, Inc.)	APPROVING ALTERNATIVE
)	REGULATION
for a Certificate of Public Convenience and)	
Necessity to Provide Resold Interexchange)	
Telecommunications Services in the State of)	
South Carolina and for Alternative Regulation)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Consolidated Telecom, Inc. (“Consolidated Telecom” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing Consolidated Telecom to provide resold interexchange telecommunications services within the State of South Carolina.

The Application was filed pursuant to S.C. Code Ann. § 58-9-280 and the rules and regulations of the Commission. By the Application, the Company also requests alternative regulation of its interexchange business offerings pursuant to Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C, and waiver of certain Commission regulations.

The Commission’s Docketing Department instructed the Company to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of the Company and of the manner and time in which to file the

appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

On July 2, 2019, counsel for the South Carolina Office of Regulatory Staff (“ORS”) filed a letter with the Commission setting out that it had reviewed the Application and did not oppose the Commission granting the Application. The ORS also indicated that it did not intend to attend the hearing in the Docket.

A hearing was convened on July 8, 2019, at 11:30 am in the offices of the Commission in Columbia, South Carolina, before David Stark, Esquire, Hearing Examiner. The Applicants were represented by John J. Pringle, Jr., Esquire. ORS did not appear.

Jerome Jacobs, Vice President of Consolidated Telecom appeared and testified in support of the Application. The record reveals that the Company is a corporation organized under the laws of the State of Texas and registered to do business in the State of South Carolina.

According to Mr. Jacobs, the Company seeks authority as a provider of resold interexchange services. Mr. Jacobs explained the Company’s request for authority, and the record further reveals the Company’s services, operations, and marketing procedures. The Company intends to provide services to confinement facilities throughout South Carolina.

Mr. Jacobs also discussed Consolidated Telecom’s technical, financial, and managerial resources to provide the services for which it seeks authority. Mr. Jacobs offered that Consolidated Telecom possesses sufficient financial resources to support its operations in South Carolina.

With regard to management and technical capabilities, the Company's Application and Mr. Jacobs' testimony both evidence that the Company's management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Mr. Jacobs also testified that the Company will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders. Mr. Jacobs offered that approval of the Company's Application would serve the public interest.

Mr. Jacobs, on behalf of the Company, requests a waiver of 10 S.C. Code Ann. Regs. 103-610, since the Company's books are maintained in Texas. Further, the Company requests an exemption from record keeping policies that require maintenance of financial records in conformance with the Uniform System of Accounts ("USOA"). The Company maintains its books in accordance with Generally Accepted Accounting Principles ("GAAP").

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. The Company is a corporation organized under the laws of the State of Texas and registered to do business in the State of South Carolina.
2. The Company desires to operate as a provider of resold interexchange services in South Carolina, and specifically as a provider of inmate telephone services to confinement facilities in South Carolina.

3. We find that the Company possesses the managerial experience and capability to operate as a provider of interexchange services and inmate telephone services in South Carolina.

4. We find, based on the financial statements submitted by the Company and the testimony at the hearing, that the Company possesses sufficient financial resources to provide the services as described in its Application and testimony.

5. We find that the issuance of a Certificate of Public Convenience and Necessity to the Company to operate as a provider of interexchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by promoting the availability of more innovative services.

6. The Company requests a waiver of 10 S.C. Code Ann. Regs. 103-610 (Supp. 2012). The Commission finds the Company's requested waiver reasonable and understands the potential difficulty presented to the Company should the waiver not be granted. Further, we find that a waiver of 10 S.C. Code Ann. Regs. 103-610 to be in the public interest. We also believe that exemption from the policies that would require the Company to keep its records under the USOA is reasonable.

7. The Company has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280(B)(1) (Supp. 2012).

8. The Commission finds that the Company's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280(B)(3).

9. The Commission finds that the Company will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280(B)(2).

10. The Commission finds that services to be provided by the Company will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280(B)(2).

11. The ORS did not appear at the hearing, and the fact that it did not oppose the grant of the Application herein is duly noted.

CONCLUSIONS OF LAW

1. The Commission concludes that the Company possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that the Company will participate in the support of universally available telephone service at affordable rates to the extent that the Company may be required to do so by the Commission.

3. The Commission concludes that the Company will provide services which will meet the service standards of the Commission.

4. The Commission concludes that approval of the Company's Application to provide resold interexchange telecommunications services within South Carolina will serve the public interest by offering an alternative source of inmate telecommunications service providers and by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the provision of intrastate telecommunications service by the Company will not adversely impact the public interest.

6. The Commission concludes that the issuance of the authority to provide interexchange telecommunications services as requested by the Company and as set forth in its Application and Mr. Jacobs' testimony is in the best interests of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to the Company to provide resold intrastate telecommunications services to inmates of confinement facilities in South Carolina.

8. Should the Company offer residential interexchange services in the future, the Commission adopts a rate design for the Company for its residential interexchange services which include maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application of GTE Sprint Communications Corporation, etc.*, Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

9. Should the Company offer residential interexchange services in the future, the Company shall not adjust its residential interexchange rates for end-users below the approved maximum level without notice to the Commission and to the public. The Company shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint*

Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. § 58-9-540 (Supp. 2016).

10. The Commission concludes that the Company's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator

surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven (7) days, the tariff filing will then be suspended until further order of the Commission.

12. We conclude that the Company's request for waiver of 10 S.C. Code Ann. Regs. 103-610 should be granted, since strict compliance with the regulation potentially causes undue hardship on the Company. We also grant exemption from the policies requiring the use of USOA.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to the Company to provide intrastate inmate telecommunications services within the State of South Carolina.

2. The regulatory treatment adopted for the Company's services shall conform to the design described in Conclusions of Law above.

3. If it has not already done so, the Company shall file its revised tariff utilizing the Commission's e-filing system for tariffs within thirty (30) days of the issuance of this Order. The revised tariff should be electronically filed in a text searchable PDF format using the Commission's DMS System (<http://dms.psc.sc.gov>). An additional copy should be sent via email to etariff@psc.sc.gov to be included in the Commission's ETariff System (<http://etariff.psc.sc.gov>). Future revisions to the tariff should be made using the ETariff

System. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

4. The Company shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, the Company shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the ORS's website at www.regulatorystaff.sc.gov. The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

5. Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

6. Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service Fund ("USF") worksheet, which may be found on the ORS's website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **August 1st** with the Commission and ORS.

7. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. The Company shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.sc.gov/reference/forms.asp; this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

8. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

9. The Company requested a waiver of 10 Code Ann. Regs. 103-610 (Supp. 2012), which requires that records required by the Commission’s Rules and Regulations be maintained in South Carolina. The Commission finds the Company’s requested waiver reasonable and understands the potential difficulty presented to the Company should the waiver not be granted. The Commission therefore grants the requested waiver. However, the Company shall make available its books and records at all reasonable times upon request by ORS, and the Company shall promptly notify the Commission and ORS if the

location of its books and records changes. Further, the Commission acknowledges that the Company shall maintain its financial records in conformance with GAAP.

10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Comer H. “Randy” Randall, Chairman

ATTEST:

Jocelyn Boyd, Chief Clerk/Administrator